

Here is a list of useful reminders of health care reforms provisions taking effect in January 2011. These provisions mark advancement towards reducing long-term medical care costs. The provisions also improve access to preventative care, ensure pre-existing conditions will have to be covered, enable parents to cover dependents under age 26, and cover all senior enrollees in the Medicare Part D prescription drug program.

**Ensuring Value for Premium Payments** - Health plans, including grandfathered plans, must annually report on the share of premium dollars spent on medical care and provide consumer rebates for excessive medical loss ratios. Effective January 1, 2011.

**Strengthening the Quality Infrastructure** - Provides additional resources to HHS to develop a national quality strategy and support quality measure development and endorsement for the Medicare, Medicaid and CHIP quality improvement programs. Strategy submitted not later than January 1, 2011.

**Filling the Part D 'Donut Hole** - Provides a 50 percent discount on all brand-name drugs and biologics purchased in the donut hole by beneficiaries who do not receive Medicare Extra Help. These discounts will gradually increase to completely fill the donut hole by 2020 for all Part D enrollees. Effective January 1, 2011.

**Improving Preventive Health Coverage** - Provides a free, annual wellness visit and personalized prevention plan services for Medicare beneficiaries and eliminates cost-sharing for preventive services. Effective January 1, 2011.

**Increasing Reimbursement for Primary Care** - Provides a 10 percent Medicare bonus payment for primary care physicians and general surgeons. Effective January 1, 2011.

**Improving Health Care Quality and Efficiency** - Establishes a new Center for Medicare & Medicaid Innovation to test innovative payment and service delivery models to reduce health care costs and enhance the quality of care provided to individuals. Effective January 1, 2011.

**Improving Transitional Care for Medicare Beneficiaries** - Establishes the Community Care Transitions Program to provide transition services to high-risk Medicare beneficiaries. Effective January 1, 2011.

**Transitioning to Reformed Payments in Medicare Advantage** - Freezes 2011 Medicare Advantage payment benchmarks at 2010 levels to begin transition. Continues to reduce Medicare Advantage benchmarks in subsequent years relative to current levels. Benchmarks will vary from 95 percent of Medicare spending in high-cost areas to 115 percent of Medicare spending in low-cost areas with higher benchmarks for high-quality plans. Changes are phased-in over three, five or seven years, depending on the level of payment reductions. Effective January 1, 2011.

**Reporting Health Coverage Costs on Form W-2**: Requires employers to disclose the value of the benefit provided by the employer for each employee's health insurance coverage on the employee's annual Form W-2. Effective for tax years beginning after December 31, 2010.

**Standardizing the Definition of Qualified Medical Expenses** - Conforms the definition of qualified medical expenses for HSAs, FSAs, and HRAs to the definition used for the itemized deduction. An exception to this rule is included so that amounts paid for over-the-counter medicine with a prescription still qualify as medical expenses. Effective for tax years beginning after December 31, 2010.

**Modifying the Additional Tax** - Includes Withdrawals from Health Savings Accounts and Archer Medical Savings Account Funds for Non-Qualified Medical Expenses. Increases the additional tax for HSA withdrawals prior to age 65 that are not used for qualified medical expenses from 10 to 20 percent. The additional tax for Archer MSA withdrawals not used for qualified medical expenses would increase from 15 to 20 percent. Effective for tax years beginning after December 31, 2010.

**Creating Simple Cafeteria Plans** - Creates a Simple Cafeteria Plan to provide a vehicle through which small businesses can provide tax-free benefits to their employees. This would ease the small employer's administrative burden of sponsoring a cafeteria plan. The provision also exempts employers who make contributions for employees under a simple cafeteria plan from pension plan nondiscrimination requirements applicable to highly compensated and key employees. Effective for tax years beginning after December 31, 2010.

**Establishing Pharmaceutical Manufacturers Fee** - Imposes an annual, non-deductible fee on the pharmaceutical manufacturing industry allocated according to market share and not applying to companies with sales of branded pharmaceuticals of \$5 million or less. Effective for tax years beginning after December 31, 2010.